

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6166**

**BILL NUMBER:** HB 1208

**NOTE PREPARED:** Nov 20, 2007

**BILL AMENDED:**

**SUBJECT:** Referenda for Bond Issues and Lease Rentals.

**FIRST AUTHOR:** Rep. Pond

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill requires lease rentals or bond issues for local capital projects to be approved at a local referendum if the preliminary determination to enter into the lease or issue bonds is made after June 30, 2008. The bill provides that the petition and remonstrance process applies if the preliminary determination to enter into the lease or issue bonds is made before July 1, 2008. The bill makes conforming amendments.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** *Penalty Provision:* Persons under contract with a school corporation or an attorney, architect, construction manager, or financial advisor providing professional services on behalf of a controlled project that financially promotes a position on a controlled project local public question would commit a Class A infraction. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class A infraction is \$10,000, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$17), the public defense administration fee (\$3), the court administration fee (\$3), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

**Explanation of Local Expenditures:** *Summary-* Adding a public question to a primary or general election ballot should not increase local election expenditures. However, ballots may become much longer in certain localities if several public questions were addressed at a single election. Use of public questions with proposed controlled projects may possibly lead to a reduction in the number of approvals. Reduced debt service payments, due to fewer controlled projects being approved, would require less property tax revenue.

*Background- Current Law:* Under current law, a controlled project is partially defined as a project not exceeding \$2 M in total cost. Current law provides that the petition and remonstrance process may be used in regards to a political subdivision imposing property taxes to pay debt service or lease rentals.

*School Capital Projects:* School construction makes up the majority of controlled projects. In CY 2006, \$755 M in total school construction was approved by the Department of Local Government Finance. School capital project certified property tax levies totaled \$733.8 M in CY 2006.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies; Local civil taxing units using property tax revenue to fund certain debt services or lease rentals.

**Information Sources:** *Indiana School Construction Annual Report*, Department of Local Government Finance (May 2007 report date); LOGODABA.

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